



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

Required Report - public distribution

Date: 4/10/2000

GAIN Report #EC0005

**Ecuador**

**Sugar**

**Annual**

**2000**

Approved by:

**Lawrence D. Fuelll**

**U.S. Embassy**

Prepared by:

Carlos M. Yugcha

---

**Report Highlights:**

**Ecuador's sugar production for Marketing Year 2000/01 (June/May) is forecasted to reach 430,000 metric tons, up from the 395 metric tons produced in MY 1999/00. There are expectations of having a bumper crop since plantations are being benefitted by favorable weather conditions. The upcoming cane harvest will begin by middle June.**

---

Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Annual Report  
Quito [EC], EC

**Table of Contents**

Executive Summary ..... 1

Production ..... 1

Consumption ..... 1

Trade & Policy ..... 2

## Executive Summary

Cane sugar production for Marketing Year 2000/01 (June/May) is forecast to reach 430,000 metric tons, up from the 395,000 metric tons produced in MY 1999/00. With favorable weather condition, fresh investments in the sugar industry a bumper crop is expected. Cane harvest should begin by in middle June.

## Production

Cane sugar production in Ecuador reached record levels during MY 1999/2000 of 395,000 MT of sugar cane. This crop was a result of better yields in field and the mill ( 157.4 Kg of sucrose/MT of cane). A bumper crop is expected for the MY 2000/01. Favorable weather conditions, more hours of sunlight, improved cultural practices, such as irrigation, diversification and rotations of varieties of cane, improved plantations, control of diseases, and investments in modernization of sugar extraction facilities will contribute to reach higher yields in the upcoming MY, which is forecasted 430,000 MT of sugar cane.

PSD Table						
Country:						
Commodity:	Sugar Cane Centrifugal					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Area Planted	67	67	70	74	0	72
Area Harvested	42	44	69	70	0	70
Production	4987	4987	5094	5530	0	4500
TOTAL SUPPLY	4987	4987	5094	5530	0	4500
Utilization for Sugar	4987	4987	5094	5530	0	4500
Utilizatn for Alcohol	0	0	0	0	0	0
TOTAL UTILIZATION	4987	4987	5094	5530	0	4500

## Consumption

Domestic sugar consumption, including sugar for industrial purposes, was originally estimated at about 31 kilograms per capita, equivalent to about 380,000 metric tons of sugar raw value. However, due to the severe economic recession in Ecuador in 1999, consumption per capita has declined to around of 30 Kg per capita. A recovery of consumption for MY2000/01, some speculate that border trade, Colombia and Peru, may account for about 15,000 to 20,000 MT for this year, which is included in our consumption figure of about 380,000 in the PS&D table. There is a trend for using high quality refined powdered sugar for the domestic soft drink and beverage industry. The sugar mills are aware of the niche market and are improving their sugar quality or now producing specialty sugars. Demand for high quality sugar is being driven in part by construction of hotels, restaurants, and other consumer outlets.

PSD Table						
Country:	Ecuador					
Commodity:	Sugar					
		1999		2000		2001
	Old	New	Old	New	Old	New
Market Year Begin		06/1998		06/1999		06/2000
Beginning Stocks	9	9	9	29	0	7
Beet Sugar Production	0	0	0	0	0	0
Cane Sugar Production	340	345	440	395	0	430
TOTAL Sugar Production	340	345	440	395	0	430
Raw Imports	0	0	0	0	0	0
Refined Imp.(Raw Val)	57	72	0	12	0	0
TOTAL Imports	57	72	0	12	0	0
TOTAL SUPPLY	406	426	449	436	0	437
Raw Exports	17	17	12	24	0	12
Refined Exp.(Raw Val)	0	0	45	45	0	38
TOTAL EXPORTS	17	17	57	69	0	50
Human Dom. Consumption	380	380	380	360	0	380
Feed Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	380	380	380	360	0	380
Ending Stocks	9	29	12	7	0	7
TOTAL DISTRIBUTION	406	426	449	436	0	437

## Trade & Policy

Ecuador has struggled to become a net sugar exporter, accomplishing this in the MY1999/2000, which accounts for 24,000 MT under the U.S. sugar quota. Ecuador exported to Peru 30,000 MT of sugar for the first time, under the umbrella "Acceleration and Deepening of the Trade Agreement between Ecuador and Peru," as a consequence of the peace treaty. Ecuador has also made inroads in the Venezuelan market selling 12,700 MT of sugar. Exports should again exceed imports in MY 1999/00 which presumably Ecuador will be importing a little quantity before the upcoming crop season starts. For the MY 2000/01 Ecuador likely will continue exporting at least 50,000 MT of sugar cane and will not import any sugar. Ecuador always manages to full fill its U.S. sugar quota, and will do so again in the coming year.

The current government has allowed free trade for sugar imports, with apparently no non-tariff barriers. Imports from fellow Community of Andean Nations (CAN) countries arrive with a zero tariff rate. Sugar imported from countries outside this economic zone is assessed a base tariff of 15 percent, plus a variable "price band" levy, currently at 27 percent, and plus 8 percent of "safeguard" tariff. This is equal to the maximum 50 percent bound tariff rates under the World Trade Organization.

Export Trade Matrix			
Country:		Units:	Metric Tons
Commodity:			
Time period:	January-December		
Exports for	1998		1999
U.S.	16771	U.S.	11916
Others		Others	
		Peru	30000
		Venezuela	15000
Total for Others	0		45000
Others not listed			
Grand Total	16771		56916

Import Trade Matrix			
Country:		Units:	Metric tons
Commodity:			
Time period:	Jan-Dec		
Imports for	1998		1998
U.S.	0	U.S.	0
Others		Others	
Colombia	141244	Colombia	37236
Venezuela	4000		
Total for Others	145244		37236
Others not listed			
Grand Total	145244		37236